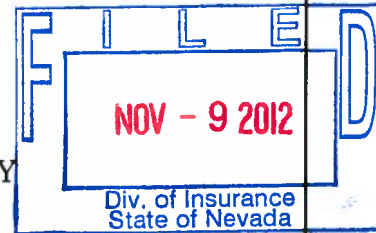


STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE



IN THE MATTER OF

CAUSE NO. 12.0618

**THE INDIRECT ACQUISITION OF  
AMERIGROUP NEVADA, INC. BY  
WELLPOINT, INC. AND ATH  
HOLDING COMPANY, LLC.**

**ORDER APPROVING EXEMPTION  
PURSUANT TO NRS 692C.230(2)**

**AND**

**ORDER APPROVING THE INDIRECT  
ACQUISITION OF AMERIGROUP  
NEVADA, INC. BY WELLPOINT, INC.  
AND ATH HOLDING COMPANY, LLC**

This matter came before the Commissioner of Insurance upon the filing of a Form E Statement (pursuant to Nevada Administrative Code ("NAC") 692C.045), Notice of Material Modification and a Form A Statement (pursuant to Nevada Revised Statute ("NRS") 692C.180) on August 6, 2012, as subsequently amended and supplemented, (the "Filings") by WellPoint, Inc., (an Indiana corporation) ("WellPoint"), and ATH Holding Company, LLC, (an Indiana limited liability company) which is a direct wholly owned subsidiary of WellPoint ("ATH") (WellPoint and ATH collectively, the "Applicants"). Pursuant to the Filings, the Applicants seek approval to acquire control of Amerigroup Corporation (a Delaware corporation) ("AGP"), which is the direct parent company of Amerigroup Nevada, Inc. ("Amerigroup Nevada").<sup>1</sup> Amerigroup Nevada is a Nevada domiciled health maintenance organization exclusively writing Medicaid managed care business. Amerigroup Nevada has a Certificate of Authority in good standing in Nevada as required pursuant to chapter 695C of the NRS.

The merger process will consist of a wholly owned subsidiary of ATH ("Merger Sub") being merged with and into AGP according to Delaware corporate law. The Merger Sub will then cease to exist, AGP becoming the surviving corporation and an indirect wholly owned

<sup>1</sup> AGP also wholly owns at least 13 other HMOs which are licensed in states other than Nevada.

1 subsidiary of WellPoint. This will then result in WellPoint indirectly acquiring control and  
2 ownership of 100% of the stock of Amerigroup Nevada.

3 In addition to requesting approval of the indirect acquisition of Amerigroup Nevada,  
4 Applicants also seek an exemption to the formal acquisition procedures as outlined pursuant to  
5 NRS 692C.180 to NRS 692C.250, inclusive, based on NRS 692C.230(2).<sup>2</sup>

### 6 I. Request for Exemption

7 Applicants seek an exemption to the formal acquisition procedures as outlined  
8 pursuant to NRS 692C.180 to NRS 692C.250, inclusive, based on NRS 692C.230(2), which  
9 states:

10 **NRS 692C.230 Exemptions.** The provisions of NRS 692C.180 to 692C.250,  
11 inclusive, do not apply to:

12 ...  
13 2. Any offer, request, invitation, agreement or acquisition which the  
14 Commissioner by order exempts therefrom as not having been made or entered  
into for the purpose and not having the effect of changing or influencing the  
control of a domestic insurer, *or as otherwise not comprehended within the  
purposes of NRS 692C.180 to 692C.250, inclusive.* [Emphasis added].

15 Included in the category of mergers and acquisitions that are not comprehended  
16 within the purposes of NRS 692C.180 to 692C.250, are those to which NRS  
17 692C.252(5) applies:

18 **NRS 692C.252 Applicability.** The provisions of this chapter apply to any  
19 acquisition in which a change in control of an insurer who is authorized to do  
business in this state occurs, except.

20 ...

21 5. An acquisition that does not immediately cause:

22 (a) The combined market share of the involved insurers to exceed 5 percent  
of the total market; *[or]*

23 (b) An increase in any market share; *or*

24 (c) For any market:

25 (1) The combined market share of the involved insurers to exceed 12  
percent of the total market; and

26 (2) The market share to increase by more than 2 percent of the total  
market.

27 ➤ As used in this subsection, "market" means direct written premiums in this  
28 state for a line of authority set forth in the annual statement required to be filed  
by insurers authorized to do business in this state. [Emphasis added].

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<sup>2</sup> Applicants have also expressly requested that the following exhibits to the Form A receive  
confidential treatment pursuant to NRS 679B.190(5)(b): Exhibits 5 and 6 (biographical  
affidavits – private personal information); Exhibit 7 (commitment letter); and Exhibits 11-A,  
11-B and 11-C (proprietary-trade secrets). -2-

1 The Corporate and Financial Section of the Nevada Division of Insurance  
2 (“Division”) conducted an analysis of the data relevant to the Form A filing in order to  
3 determine whether the requested exemption could be recommended. The results of the  
4 analysis are as follows:

5 The Companies as they are licensed in Nevada are not writing the same  
6 lines of business. Amerigroup Nevada’s only line of business is  
7 Medicaid and WellPoint does not write Medicaid in Nevada. The market  
8 share of the Medicaid line of business does not exceed 12% of the total  
Nevada health insurance market. As the Companies are not writing the  
same lines of business, the merger will not increase the market share of  
any line of business.<sup>3</sup>

9 Based on the foregoing, the Corporate and Financial Section of the Division has  
10 determined that the requested exemption is appropriate; and, therefore, the Division  
11 recommends that the exemption be granted and a hearing is not required or necessary to  
12 further consider and determine approval of the proposed merger transaction.

## 13 **II. Request to Approve the Form A Filing and Merger Transaction**

14 The Form A materials submitted and confirmed by the Division’s Corporate and  
15 Financial Section show that this transaction results in an indirect acquisition of  
16 Amerigroup Nevada by WellPoint. WellPoint is domiciled in Indiana. AGP is domiciled  
17 in Delaware. As of the date of this Order, the Division is not aware of any objections  
18 filed by Indiana or Delaware (the parent company domiciliary states) concerning the  
19 transaction at the parent company, or other, level. As of the date of this Order, the  
20 following states have already approved the transaction as it affects their jurisdictions:  
21 New Mexico, Tennessee and Texas. In addition, on October 23, 2012, the shareholders  
22 of AGP voted to approve the adoption of the merger agreement providing for the  
23 acquisition of AGP by WellPoint.

24 As shown above in Section I, the Division’s Corporate and Financial Section has  
25 determined that the transaction will not result in the market share of the Medicaid line of  
26  
27

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28 <sup>3</sup> The phrase “line of business” as used in describing the results of the Division’s analysis is the  
same thing as “line of authority” in NRS 692C.252(5).

1 business exceeding 12% of total health market premiums in Nevada; nor will the  
2 transaction cause an increase in the Medicaid market share line of business in Nevada.

3 Concerning the Medicaid program in Nevada, the Division facilitated discussion  
4 and the sharing of information between WellPoint and Nevada's Division of Health Care  
5 Financing (Nevada's Medicaid program) regarding the anticipated effects of the  
6 transaction on Amerigroup Nevada's working relationship with Nevada's Medicaid  
7 program. WellPoint provided information responsive to Medicaid program  
8 representatives such that the Division of Health Care Financing is satisfied to defer to  
9 the Division of Insurance's recommendation concerning approval of the transaction.

10 Based on the Form A materials, WellPoint's sharing of information with the  
11 Division of Health Care Financing, and other internal Division data regarding the  
12 conduct of WellPoint and Amerigroup Nevada in the business of insurance in Nevada,  
13 the Division also provides the following observations and conclusions:

- 14       ▪ After the change of control, Amerigroup Nevada will still satisfy the  
15       requirements for licensure to write the lines of authority for which it is  
16       currently licensed.
- 17       ▪ The effect of the transaction will not substantially lessen competition or  
18       create a monopoly concerning the lines of coverage either company  
19       currently writes in Nevada.
- 20       ▪ The financial condition of WellPoint does not jeopardize the financial  
21       stability of Amerigroup Nevada.
- 22       ▪ The shareholders of AGP, the parent of Amerigroup Nevada, have voted to  
23       approve the adoption of the transaction.
- 24       ▪ The Division is not aware of any plan by WellPoint to liquidate or  
25       otherwise make a material change concerning the assets of Amerigroup  
26       Nevada subsequent to the transaction.
- 27       ▪ After completion of the transaction, WellPoint intends and expects that  
28       Amerigroup Nevada's management and operations personnel will continue  
      to operate and manage the Amerigroup Medicaid MCO business in  
      Nevada.
- The results of the transaction do not appear likely to be harmful or  
      prejudicial to the public.
- To the best knowledge of the Division to date, the claims management  
      practices of WellPoint in Nevada do not evidence any pattern of unfair  
      trade or claims management practices.

1 Based on the foregoing, the Division submits no objections to the proposed merger or the  
2 indirect acquisition, and recommends that the Form A and the proposed indirect acquisition of  
3 Amerigroup Nevada by WellPoint, be approved.

4 **NOW, THEREFORE, IT IS HEREBY ORDERED** that, after having considered all  
5 filings, the recommendations of the Division, and all laws relevant to the above-discussed requests  
6 and the proposed merger - indirect acquisition transaction:

7 1. The request for an exemption pursuant to NRS 692C.230(2) and 692C.252(5) is  
8 GRANTED.

9 2. A hearing for this type of merger - indirect acquisition transaction is not necessary  
10 or required.

11 3. The Form A filing and the resultant indirect acquisition of Amerigroup Nevada by  
12 Applicants is APPROVED.

13 4. The Applicants' expressed request that Exhibits 5, 6, 7, 11-A, 11-B, and 11-C to  
14 the Form A receive confidential treatment pursuant to NRS 679B.190(5)(b) is GRANTED.  
15 Confidential treatment is also granted for any other proprietary company information  
16 concerning this transaction that was relevant to the Division's analysis and evaluation of this  
17 transaction. Nothing in this Order shall be deemed to effectuate a waiver of any other  
18 confidential status otherwise available pursuant to Nevada statute, regulation, or privilege.

19 IT IS SO ORDERED.

20 DATED this 9<sup>th</sup> day of November, 2012.

21  
22   
23 SCOTT J. KIPPER  
24 Commissioner of Insurance  
25  
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27  
28

1 **CERTIFICATE OF MAILING**

2 I hereby certify that I have this day served the **ORDER APPROVING**  
3 **EXEMPTION PURSUANT TO NRS 692C.230(2) and ORDER APPROVING THE**  
4 **INDIRECT ACQUISITION OF AMERIGROUP NEVADA, INC. BY WELLPOINT,**  
5 **INC. AND ATH HOLDING COMPANY, LLC, CAUSE NO. 12.0618,** by mailing a true and  
6 correct copy thereof, properly addressed with postage prepaid, certified mail return receipt requested,  
7 to the following:

8 David G. Harris  
9 Managing Senior Associate General Counsel  
10 Rocky Mountain Hospital and Medical Service, Inc.  
11 d/b/a Anthem Blue Cross and Blue Shield  
12 Mail Stop CO0105-0560  
13 700 Broadway  
14 Denver, CO 80273  
15 CERTIFIED MAIL NO. 7011 2970 0000 0583 4784

13 Lynn S. Fulstone, Attorney at Law  
14 Lionel Sawyer & Collins  
15 300 South Fourth Street, Suite 1700  
16 Las Vegas, NV 89101  
17 CERTIFIED MAIL NO. 7011 2970 0000 0583 4791

16 Tibor D. Klopfer  
17 Faegre Baker Daniels LLP  
18 300 North Meridian, Suite 2700  
19 Indianapolis, IN 46204  
20 CERTIFIED MAIL NO. 7011 2970 0000 0583 4807

20 and, a copy of the foregoing document was sent, via electronic transmission, to the following:

21 Terri Chambers, Acting Deputy Commissioner and  
22 Chief, Self-Insured Workers' Compensation Section  
23 Nevada Division of Insurance  
24 E-MAIL: [tchambers@doi.nv.gov](mailto:tchambers@doi.nv.gov)

24 Todd Rich, Deputy Commissioner  
25 Nevada Division of Insurance  
26 E-MAIL: [trich@doi.nv.gov](mailto:trich@doi.nv.gov)

26 Amy L. Parks, Esq.  
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28 Nevada Division of Insurance  
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28 ///

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2 Corporate and Financial Section/Captive Program  
3 Nevada Division of Insurance  
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5 Bill McCune, Chief Insurance Examiner  
6 Corporate and Financial Section  
7 Nevada Division of Insurance  
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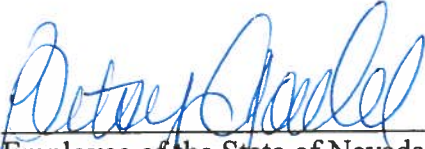
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24 E-MAIL: [jsknight@doi.nv.gov](mailto:jsknight@doi.nv.gov)

25 DATED this 9th day of November, 2012.

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28  
  
Employee of the State of Nevada  
Department of Business and Industry  
Division of Insurance